

Message Text

CONFIDENTIAL

PAGE 01 PANAMA 02113 01 OF 03 140314Z

62

ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 SAB-01 L-01 SSO-00 NSCE-00 NSC-05

INR-05 INRE-00 CIAE-00 PM-03 SP-02 PRS-01 H-01 EB-03

/043 W

----- 126009

O P 140045Z APR 75

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 3578

INFO RUEADWDZLSEC OF THE ARMY FOR DUSA PRIORITY

GOVPANCANAL PRIORITY

USCINCSO PRIORITY

C O N F I D E N T I A L SECTION 1 OF 3 PANAMA 2113

LIMDIS

E.O. 11652: GDS

TAGS: PN PQ PFOR

SUBJECT: US-PANAMA TREATY NEGOTIATIONS: REPORT OF THE JOINT
WORKING GROUP SESSIONS APRIL 7-11

FOR: DEPUTY NEGOTIATOR BELL

FOLLOWING IS A REPORT FROM THE US MEMBERS OF THE
JOINT US-PANAMA WORKING GROUP COVERING MEETINGS APRIL 7-11.

SUMMARY: ALTHOUGH THE US MEMBERS OF THE GROUP WERE
PREPARED TO DISCUSS PANAMANIAN PARTICIPATION IN A NEW CANAL
ENTITY, THE PANAMANIAN MEMBERS WERE NOT PREPARED
TO DISCUSS THIS UNTIL THE MORE FUNDAMENTAL ISSUES
OF THE NATURE AND FUNCTIONS OF THE CANAL TREATY HAVE
BEEN DETERMINED. THE US TEAM AGREED TO DISCUSS THESE
OTHER MATTERS BUT SUCCEEDED IN PRESENTING ITS VIEWS
CONCERNING PANAMANIAN PARTICIPATION. THE PANAMANIAN
MEMBERS AGREED TO RESPOND TO THIS PRESENTATION AT
THE GROUP'S NEXT SERIES OF MEETINGS AFTER DECISION
MAY HAVE BEEN MADE CONCERNING THE FORM OF THE
ENTITY. CONCERNING THE NEW CANAL ENTITY, THE US MEMBERS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PANAMA 02113 01 OF 03 140314Z

SUGGESTED IT BE A US GOVERNMENT AGENCY WHEREAS THE PANA-

MANIANS WANT A NON-GOVERNMENTAL ENTITY CONTROLLED BY THE USG THROUGH A MAJORITY ON THE MANAGING BOARD. THE GROUP AGREED TO RECOMMEND TO THE NEGOTIATORS A PROCEDURE FOR REACHING AGREEMENT CONCERNING THE FUNCTIONS TO BE CARRIED OUT BY THE NEW CANAL ENTITY AND A TIMETABLE FOR SHEDDING SOME ACTIVITIES. THE GROUP IDENTIFIED CERTAIN ISSUES WHICH REQUIRE DECISION BY THEIR RESPECTIVE GOVERNMENTS. THE PANAMANIAN TEAM PROPOSED THAT THE GROUP RAISE WITH THEIR RESPECTIVE DEPUTY NEGOTIATORS THE POSSIBILITY OF CONCLUDING A TREATY OF 10 YEARS DURATION DURING WHICH THE US WOULD RETAIN JURISDICTION. END SUMMARY.

COMMENTS CONCERNING THE GROUP'S PROCEDURE.

1. THE PANAMANIAN MEMBERS OF THE JOINT WORKING GROUP WERE EDWIN FABREGA, DIRECTOR OF IHRE, JAIME ARIAS, LAWYER, AND FLAVIO VELASQUEZ, OF THE FOREIGN MINISTRY'S ADVISORY STAFF. THE US TEAM WAS COMPOSED OF JOHN BLACKEN, PATRICK CONLEY AND CAPTAIN JEFF SMITH. CLOSE RAPPORT WAS ESTABLISHED IN THE GROUP. ALL MEETINGS WERE INFORMAL AND CORDIAL. FIRST TWO SESSIONS WERE HELD AT BLACKEN'S RESIDENCE, WITH LATER SESSIONS AT FABREGA'S OFFICE. REVIEW SESSION ON APRIL 11 TOOK PLACE ON FABREGA'S PLANE WHILE VISITING VARIOUS PARTS OF PANAMA. DURING THE FINAL SESSION IT WAS AGREED THAT THE US AND PANAMANIAN TEAMS WOULD SUBMIT SEPARATE REPORTS AND RECOMMENDATIONS TO THEIR DEPUTY NEGOTIATORS.

2. THE US TEAM SUGGESTED AT THE OUTSET THAT THE JOINT WORKING GROUP'S RESPONSIBILITIES SHOULD BE TO DEVELOP AND RECOMMEND TO THE DEPUTY NEGOTIATORS WAYS OF INCREASING PANAMANIAN PARTICIPATION IN THE ADMINISTRATION AND OPERATION OF THE CANAL. THE US ALSO WAS WILLING TO EXPLORE ON AN INFORMAL BASIS OTHER SUBJECTS OF INTEREST TO THE PANAMANIANS AND SOLICITED THE LATTER'S VIEWS CONCERNING THE GROUP'S RESPONSIBILITIES AND HOW IT SHOULD PROCEED WITH ITS WORK. THE PANAMANIANS AGREED THAT THE GROUP SHOULD MAKE RECOMMENDATIONS TO THE DEPUTY NEGOTIATORS CONCERNING PANAMANINA PARTICIPATION
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PANAMA 02113 01 OF 03 140314Z

BUT WANTED FIRST TO DISCUSS THE FUNCTIONS AND NATURE OF THE CANAL AGENCY IN WHICH PANAMANIANS WOULD PARTICIPATE. THE US AGREED TO DISCUSS THESE OTHER MATTERS BUT EXPRESSED THE VIEW THAT IT WOULD BE USEFUL TO DISCUSS METHODS AND PROCEDURES FOR INCREASING PANAMANIAN PARTICIPATION REGARDLESS OF THE FORM EVENTUALLY AGREED UPON FOR THE CANAL ENTITY.

PANAMANIAN PARTICIPATION

3. THE US TEAM OUTLINED, NEAR THE END OF THE FIRST DAY'S SESSION, ITS IDEAS ON SPECIFIC METHODS DESIGNED TO INCREASE THE OPPORTUNITIES FOR PANAMANIAN NATIONALS TO BE EMPLOYED AT ALL LEVELS OF THE CANAL ORGANIZATION. IT RETURNED TO THIS TOPIC DURING THE THIRD SESSION WITH A COMPREHENSIVE ORAL DESCRIPTION OF THE CONCEPTS, MECHANISMS AND PROGRAMS FOR PANAMANIAN PARTICIPATION DEVELOPED BY THE US TREATY SUPPORT GROUP IN WASHINGTON. A WRITTEN RESUME OF THIS PRESENTATION WAS SUBSEQUENTLY GIVEN TO THE PANAMANIANS. THE PANAMANIANS, AND ARIAS ESPECIALLY, DO NOT WISH TO RESPOND, EVEN INFORMALLY, TO THE US SUGGESTIONS ON PARTICIPATION UNTIL DECISIONS ARE MADE CONCERNING THE NATURE AND FUNCTIONS OF THE ENTITY.

4. FABREGA SUGGESTED, HOWEVER, DURING THE GROUP'S FOURTH SESSION A PROGRAM FOR TRAINING CANAL PILOTS. THE ESSENCE OF HIS PROPOSAL WAS THAT PANAMA WOULD RECRUIT 150-200 PANAMANIANS WITH UNIVERSITY DEGREES. ONE OR TWO OF THESE YOUNG MEN WOULD BE ASSIGNED TO EACH US PILOT. THEY WOULD BE ASSISTANTS OR APPRENTICES (IN FABREGA'S WORDS "SLAVES") FOR THE AMERICANS. THEY COULD BE FIRED AT ANY TIME BY THE US PILOT. CONCURRENTLY, THE US PILOT WOULD BE GUARANTEED TENURE FOR AS LONG AS HE CARED TO WORK. PRIVILEGES NOW ENJOYED BY THE US PILOTS COULD BE INCREASED.

5. IN A SUBSEQUENT CONVERSATION FABREGA EXPRESSED VIEW THAT PANAMANIANS COULD TAKE OVER CANAL OPERATION AND RUN IT AS EFFICIENTLY AS DOES US WITHIN A FEW YEARS. HE CITED PILOTS AS EXAMPLE. SELECTING THE RIGHT MEN WAS CONFIDENTIAL

CONFIDENTIAL

PAGE 04 PANAMA 02113 01 OF 03 140314Z

THE KEY. PERSONS WITH AVERAGE INTELLIGENCE WHO ARE STEADY ABSOLUTELY RELIABLE, HAVE REGULAR HABITS AND GOOD MEMORY FOR DETAILS COULD BE TRAINED OVER TIME TO BE COMPETENT PILOTS.

THE NATURE OF THE CANAL ENTITY

6. ALMOST IMMEDIATELY AFTER THE FIRST SESSION STARTED, THE PANAMANIANS EXPRESSED THE VIEW THAT RATHER THAN TALK ABOUT PARTICIPATION IN A THEORETICAL CANAL AGENCY THE GROUP SHOULD DISCUSS THE NATURE OF THE AGENCY. THE UNITED STATES TEAM SUGGESTED THAT A UNITED STATES GOVERNMENT ENTITY OR CORPORATION BE RESPONSIBLE FOR OPERATION AND ADMINISTRATION OF THE CANAL WITH PANAMANIAN PARTICIPATION THROUGH MEMBERSHIP ON THE ENTITY'S

MANAGEMENT BOARD. THE COUNSELOR ARRANGEMENT WOULD BE CONTINUED AND A JOINT CONSULTATIVE GROUP (OR SPECIAL REPRESENTATIVES), APPOINTED AT A HIGH GOVERNMENT LEVEL, SHOULD CONSTITUTE A FORUM FOR MATTERS PERTAINING TO PANAMANIAN PARTICIPATION. THE US TEAM ALSO SUGGESTED THAT A JOINT ADVISORY COMMITTEE MIGHT BE ESTABLISHED ON THE CANAL AGENCY LEVEL TO PROVIDE A MEANS OF DISCUSSION

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 PANAMA 02113 02 OF 03 140336Z

11

ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 SAB-01 L-01 SSO-00 NSCE-00 NSC-05

INR-05 INRE-00 CIAE-00 PM-03 SP-02 PRS-01 H-01 EB-03

/043 W

----- 126083

O P 140045Z APR 75

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 3579

INFO SEC OF THE ARMY FOR DUSA PRIORITY

GOVPANCANAL PRIORITY

USCINCSO PRIORITY

C O N F I D E N T I A L SECTION 2 OF 3 PANAMA 2113

LIMDIS

AND RESOLUTION OF CANAL MATTERS OF CONCERN TO THE TWO GOVERNMENTS.

7. IN RESPONSE, THE PANAMANIAN TEAM MEMBERS EXPRESSED STRONG BELIEFS THAT PANAMANIANS SHOULD NOT SERVE ON THE BOARD OF DIRECTORS OF OTHERWISE PARTICIPATE IN POLICY LEVELS OF A US GOVERNMENT AGENCY. THEY DID NOT WANT SUCH APPOINTMENTS OR PARTICIPATION TO BE SUBJECT TO US APPOINTMENTS OR CONDITIONS IMPOSED BY THE VAGARPCS OF THE US CONGRESS. THIS WOULD CONSTITUTE THE CONTINUATION OF A GOVERNMENT WITHIN A GOVERNMENT. THEY SUGGESTED THAT THE TREATY SHOULD CREATE A NEW NON-GOVERNMENTAL ENTITY WHICH WOULD OPERATE THE CANAL AND WHICH WOULD BE CONTROLLED BY THE UNITED STATES THROUGH MAJORITY MEMBER-

SHIP ON ITS MANAGEMENT BOARD. MEMBERS OF THE JOINT BOARD WOULD BE APPOINTED BY THE RESPECTIVE GOVERNMENTS. THE ENTITY, THOUGH NOMINALLY UNDER PANAMANIAN JURISDICTION, WOULD HAVE SPECIAL STATUS GRANTED BY THE TREATY AND BE EXEMPT FROM EFFECTIVE PANAMANIAN JURISDICTION. FURTHERMORE, THE PANAMANIAN TEAM BELIEVED THAT THE ENTITY SHOULD HAVE CERTAIN POSITIONS WHICH MUST

CONFIDENTIAL

PAGE 02 PANAMA 02113 02 OF 03 140336Z

BE FILLED BY UNITED STATES CITIZENS TO ENSURE U.S. CONTROL BUT THAT THE NUMBER OF SUCH POSITIONS SHOULD DIMINISH OVER TIME. OCCUPANTS OF THESE POSITIONS WOULD HAVE PRIVILEGES AND IMMUNITIES. EARLY IN THE DISCUSSION, ARIAS SUGGESTED THE CREATION OF TWO PARALLEL CANAL ENTITIES, ONE US--PERHAPS A US GOVERNMENTAL ENTITY--AND ONE PANAMANIAN ENTITY. THE PANAMANIAN ENTITY WOULD PERFORM CERTAIN FUNCTIONS AND THE US ENTITY WOULD DO THOSE THINGS NECESSARY FOR THE CONTROL AND MAINTENANCE OF THE CANAL. THIS CONCEPT RECEDED FROM THE DISCUSSION LATER IN THE WEEK.

8. US TEAM MEMBERS ATTEMPTED TO ALLAY PANAMANIAN CONCERNS OVER A CONGRESSIONAL LINK WITH THE CANAL ENTITY BY POINTING OUT THAT SAFEGUARDS AGAINST ARBITRARY CONGRESSIONAL ACTION AFFECTING PANAMANIAN PARTICIPATION IN A USG AGENCY COULD BE BUILT INTO THE TREATY. THE US TEAM POINTED OUT THAT USG CANAL AGENCY WOULD IN FACT BE OPERALPNG UNDER PANAMANIAN "JURISDICTION" WITH CERTAIN PRIVILEGES AND IMMUNITIES AT SPECIFIWD IN THE TREATY. THEY ASSERTED THAT THERE WERE OPERATIONAL ADVANTAGES SY WELL AS POLITICAL REASONS VIS-A-VIS THE US CONGRESS FOR HAVING CANAL ENTITY WHICH IS A US GOVERNMENT AGENCY OR CORPORATION. THE US TEAM MEMBERS EXPRESSED PERSONAL VIEWS THAT IT WOULD BE DIFFICULT FOR US TO ACCEPT THAT CANAL AGENCY BE A NON-GOVERNMENTAL ENTITY. THE PANAMANIAN ASSERTED THAT A NON-UIE ENTITY COULD HAVE THE SAME RIGHTS AS WE ENVISAGED FOR USG ENTITY AND, THEREFORE, THE RESULT WOULD BE THE SAME. FABREGA COMMENTED THAT THE QUESTION OF THE FORM OF THE ENTITY WAS IMPORTANT POLITICALLY IN PANAMA AND COULD BE EXPLOITED BY OPPONENTS OF THE TREATY.

FUNCTIONS OF THE CANAL ENTITY

9. ALTHOUGH THE US TEAM MADE CLEAR THAT THE US HAD NO POSITION YET CONCERNING THE FUNCTIONS THAT THE NEW CANAL ENTITY WOULD HAVE, IT AGREED TO DESCRIBE THE FUNCTIONS NOW BEING CARRIED OUT BY THE CANAL ZONE GOVERNMENT/PANAMA CANAL COMPANY AND GIVE TENTATIVE VIEWS ABOUT WHAT FUNCTIONS SHOULD REMAIN WITH THE NEW ENTITY. DURING THE

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PANAMA 02113 02 OF 03 140336Z

SECOND DAY'S SESSION, THE US TEAM, USING FUNCTIONAL ORGANIZATION CHARTS OF THE CZG/PCC REVIEWED THE FUNCTIONS NOW PERFORMED. THE US TEAM SUGGESTED THAT ALL CZG FUNCTIONS, EXCEPT THE SCHOOLS, FIRE AND CANAL PROTECTION, LIBRARY AND MUSEUM SERVICES OF THE CIVIL AFFAIRS BUREAU, SOME FUNCTIONS OF THE HEALTH BUREAU INCLUDING HOSPITALS, WOULD BE DISCONTINUED BY THE US CANAL AGENCY. CONCERNING THE PCC FUNCTIONS, US TEAM DREW THE PANAMANIAN'S VIEWS OUT WITHOUT THEMSELVES TAKING A POSITION.

10. THE PANAMANIAN TEAM SUGGESTED THAT WE CONCEIVE OF AN OPTIMAL ORGANIZATIONAL STRUCTURE, I.E., AN ORGANIZATION WHICH PERFORMS ONLY THE SPECIFIC FUNCTIONS OF THE OPERATION AND MAINTENANCE OF THE WATERWAY. IDEALLY, IT SHOULD HAVE NO GOVERNMENTAL, MUNICIPAL OR SERVICE FUNCTIONS. SPECIFICALLY THEY QUESTIONED WHETHER THE NEW CANAL AGENCY SHOULD OPERATE A HOSPITAL, SCHOOLS, FIRE DEPARTMENT FOR PROTECTION OF RESIDENTIAL HOUSING, MAINTAIN STREETS, ROADS AND SEWERS, KEEP PUBLIC UTILITY OPERATIONS, OFFER SHIP REPAIR SERVICES, OWN AND MANAGE EMPLOYEE HOUSING, COMMISARIES, OPERATE TERMINALS, PIERS AND DOCKS, PROVIDE MARINE BUNKERING SERVICES, OR OPERATE THE PANAMA RAILROAD.

11. THE PANAMANIAN'S SAID THEY RECOGNIZED THAT CERTAIN FUNCTIONS, SUCH AS SCHOOLS AND HOSPITALS WOULD BE CONTINUED BUT THAT THESE SHOULD BE UNDER ANOTHER AGENCY. THE CANAL ADMINISTRATOR SHOULD NOT BE BOTHERED WITH THESE THINGS. FABREGA SPECIFICALLY SUGGESTED THAT HOSPITALS MIGHT BE OPERATED BY THE US MILITARY. ARIAS TOOK THE POSITION THAT US SCHOOLS SHOULD BE OPERATED BY A PRIVATE AGENCY UNDER AUSPICES OF THE PANAMANIAN MINISTRY OF EDUCATION. SOME FUNCTIONS SUCH AS MAINTENANCE OF SEWERS AND STREETS, PUBLIC UTILITIES, LATIN AMERICAN SCHOOLS, GARBAGE COLLECTION, AND FIRE PROTECTION, THEY SUGGESTED SHOULD BE ABSORBED BY PANAMA. MEMBERS OF THE US TEAM POINTED OUT THAT IMMEDIATE TRANSFER OF SOME OF THESE PUBLIC UTILITIES FUNCTIONS TO PANAMA WOULD CAUSE MORALE PROBLEMS AMONG US EMPLOYEES. ARIAS ESPECIALLY BRIDLED AT THE IMPLICATION INHERENT IN US POSITION THAT PANAMANIAN

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 PANAMA 02113 02 OF 03 140336Z

GARBAGE COLLECTION IS NOT AS GOOD AS THAT OF ANY MAJOR

CITY IN THE US. (MOST SECTIONS OF PANAMA CITY HAVE 7
DAY A WEEK COLLECTION SERVICE.) NEVERTHELESS, THE
PANAMANIANSEEMED TO RECOGNIZE THE NECESSITY FOR A
GRADUAL PHASEOUT OF SOME OF THE NON-CANAL OPERATION
ACTIVITIES OF THE CANAL ENTITY. THEY PROPOSED THAT WE
AGREE ON WHAT WOULD BE THE OPTIMUM ORGANIZATION STRUCTURE
AND FUNCTIONS FOR A CANAL, THEN WORK
TOWARD ACHIEVING THAT STRUCTURE. THE NEW
CANAL ENTITY SHOULD HAVE A STREAMLINED "OPTIMAL"
ORGANIZATION. THE PANAMANIANSE REPEATEDLY STATED THAT
ALL CHANGES AFFECTING FUNCTIONS AND PERSONNEL SHOULD
BE DONE IN SUCH A MANNER AS TO MINIMIZE THE PAIN OF
TRANSITION FOR THE PRESENT EMPLOYEES OF THE CANAL.

SHORT TREATY CONCEPT

12. LATE DURING THE FOURTH SESSION DURING DISCUSSION
OF COMPLICATED MANNER IN WHICH THE NEW ENTITY'S
MANAGEMENT BOARD MIGHT ISSUE REGULATIONS TO IMPLEMENT
US LAWS (THUS AVOIDING DIRECT APPLICABILITY OF US LAWS
ON ENTITY), FABREGA SUDDENLY SUGGESTED THAT THE TWO
SIDES MIGHT CONCLUDE A SIMPLE TREATY IN WHICH THE US
WOULD RETAIN JURISDICTION FOR TEN YEARS. ALTHOUGH
INDIVIDUAL MEMBERS OF THE US TEAM HAD DIVERGING VIEWS
CONCERNING THE POLITICAL FEASIBILITY OF THIS PROPOSAL,
THEY PROBED THE PANAMANIANSE CONCERNING IT. AS PART OF
THE AGREEMENT THE US WOULD RELINQUISH JURISDICTION OVER
CERTAIN LAND AREAS. ON THE ATLANTIC SIDE THIS WOULD
INCLUDE THE CRISTOBAL PIERS AND TELFERS ISLAND OR,
IN LIEU OF THE LATTER, AN AREA INCLUDING OLD FRANCE

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 PANAMA 02113 03 OF 03 140337Z

11

ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 SAB-01 L-01 SSO-00 NSCE-00 NSC-05

INR-05 INRE-00 CIAE-00 PM-03 SP-02 PRS-01 H-01 EB-03

/043 W

----- 126086

O P 140045Z APR 75

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 3580
INFO SEC OF THE ARMY FOR DUSA PRIORITY
GOVPANCANAL HPRIORITY
USCINCSO PRIORITY

C O N F I D E N T I A L SECTION 3 OF 3 PANAMA 2113

LIMDIS

FIELD, THE COCO SOLO NAVAL BASE AND NEW FRANCE FIELD.
ON THE PACIFIC SIDE, EITHER THE RODMAN PIERS OR SPACE
NEAR THE BALBOA PIERS AT DIABLO WHERE PANAMA XPWOULD
DREDGE OUT SPACE FOR PIERS OF ITS OWN. THE AREA WOULD
INCLUDE THE DIABLO ANTENNA FARM, THE BALBOA RECREATIONAL
AREA, AND AN AREA ADJACENT TO THE BACK GATE OF FORT
CLAYTON AT CURUNDU. FABREGA EXPRESSED A SLIGHT PRE-
FERENCE FOR RODMAN BECAUSE MORE UNUSED LAND WAS AVAIL-
ABLE THERE FOR WAREHOUSES AND OTHER FACILITIES.

13. AS PART OF THE SHORT TREATY PACKAGE, PANAMA WOULD
WANT UNDER HER JURISDICTION SEVERAL CORRIDORS--HORIZONTAL
AND VERTICLE--FOR ACCESS TO THE PORTS. ONE CORRIDOR
WOULD CONNECT PANAMA CITY WITH ARRIAJAN. ANOTHER MIGHT
LINK BALBOA PORT WITH THE TRANSISTHMIAN HIGHWAY (VIA
GAILLARD HIGHWAY TO SUMMIT THEN OVER MADDEN HIGHWAY TO
TRANSISTHMIAN INTERSECTION).

14. UNDER PROBING, FABREGA SAID THAT A VARIANT OF THE
SHORT TREATY CONCEPT MIGHT BE A 15 YEAR TREATY UNDER
WHICH US WOULD RELINQUISH ADDITIONAL AREAS FOR PANAMA'S
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PANAMA 02113 03 OF 03 140337Z

URBAN DEVELOPMENT. US WOULD STILL RETAIN JURISDICTION
OVER AREAS UNDER ITS CONTROL. US TEAM MEMBERS TOLD
PANAMANIAN THAT US SURELY WOULD WANT DEFENSE RIGHTS
FAR BEYOND TERMINATION DATE OF SHORT TREATY. BOTH
SIDES AGREED TO REPORT CONVERSATION ON SHORT TREATY
TO THEIR RESPECTIVE DEPUTY NEGOTIATORS.

AGREEMENTS REACHED

15. THE JOINT WORKING GROUP AGREED TO RECOMMEND TO THE
DEPUTY NEGOTIATORS THAT AT ITS NEXT SERIES OF MEETINGS
THE GROUP BE PREPARED TO WORK OUT A SCHEDULE FOR
ACHIEVING THE "OPTIMAL" ORGANIZATION STRUCTURE FOR THE
NEW CANAL ENTITY. THE GROUP WOULD IDENTIFY:

A. ALL FUNCTIONS NOW BELONGING TO THE CANAL
COMPANY;

B. FUNCTIONS APPROPRIATE FOR THE OPTIMAL
CANAL ORGANIZATION AFTER PANAMA TAKES OVER;

C. FUNCTIONS PECULIAR TO US PRESENCE AND
NECESSARY UNTIL TERMINATION OF US CONTROL;

D. FUNCTIONS WHICH COULD BE SHED QUICKLY--
3 TO 5 YEARS.

16. UPON COMPLETING THE FOREGOING THE GROUP WOULD MAKE
RECOMMENDATIONS CONCERNING THE SPEED BY WHICH SPECIFIC
FUNCTIONS COULD BE TRANSFERRED OR DISCONTINUED DURING
THE LIFETIME OF THE TREATY. JOINT CONSULTATIVE
GROUP COULD BE EMPOWERED TO REVIEW FUNCTIONS AS TIME
PASSES AND RECOMMEND ADJUSTMENTS IN THE RATE AT WHICH
THE CANAL ENTITY MOVES TOWARD ITS OPTIMAL ORGANIZATION
STRUCTURE AND FUNCTIONS.

ISSUES REQUIRING DECISION

17. ALTHOUGH THE US TEAM WAS PREPARED TO DISCUSS AND
REACH AGREEMENT ON JOINT RECOMMENDATIONS CONCERNING
PANAMANIAN PARTICIPATION IN A CANAL ENTITY WITH FUNCTIONS
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PANAMA 02113 03 OF 03 140337Z

SIMILAR TO THE PRESENT PCC, THE PANAMANIAN TEAM WAS
UNWILLING TO DISCUSS THIS UNTIL CERTAIN MORE BASIC ISSUES
COULD BE RESOLVED. THE JOINT WORKING GROUP DECIDED,
THEREFORE, TO RECOMMEND TO THE DEPUTY NEGOTIATORS THAT
THE US AND PANAMANIAN TEAMS BE GIVEN INSTRUCTIONS OR
GUIDELINES FOR DEALING WITH THE FOLLOWING QUESTIONS DURING
THEIR NEXT SERIES OF MEETINGS, TENTATIVELY SET
FOR APRIL 21:

A. WHAT PROVISIONS SHOULD THE TREATY MAKE
CONCERNING THE NATURE OF THE ORGANIZATION
WHICH SHALL OPERATE THE CANAL? SHOULD IT
BE A UNITED STATES AGENCY OR A NEW NON USG ENTITY
ESTABLISHED BY THE TREATY AND CONTROLLED BY
THE UNITED STATES THROUGH MAJORITY MEMBERSHIP
ON A JOINT BOARD OF MANAGEMENT?

B. WHAT FUNCTIONS ARE NECESSARY FOR THE EFFICIENT
OPERATION AND ADMINISTRATION OF THE CANAL?
WHAT ARRANGEMENTS SHOULD BE MADE CONCERNING
OTHER FUNCTIONS WHICH ARE PRESENTLY BEING
CONDUCTED BY THE PANAMA CANAL COMPANY?

C. WHAT SHOULD BE THE STATUS UNDER PANAMANINA
JURISDICTION OF THE ORGANIZATION WHICH SHALL

OPERATE THE CANAL?

D. WHAT SPECIFIC ARRANGEMENTS SHOULD BE MADE
CONCERNING PANAMANIAN PARTICIPATION AT BOTH
THE POLICY MAKING AND OPERATIONAL LEVELS OF
THIS ORGANIZATION?

18. PAT CONLEY HAS CONCURRED IN THIS REPORT.
JORDEN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PANAMA CANAL TREATY, NEGOTIATIONS, COMMITTEE MEETINGS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 APR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PANAMA02113
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750129-0268
From: PANAMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750453/aaaabwwd.tel
Line Count: 502
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 10
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 11 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 SEP 2003 by SmithRJ>; APPROVED <16 OCT 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US-PANAMA TREATY NEGOTIATIONS: REPORT OF THE JOINT WORKING GROUP SESSIONS APRIL 7-11
TAGS: PFOR, PN, PQ, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006